

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Universal Service Contribution Methodology)	WC Docket No. 06-122
)	

Comments of AARP

July 15, 2019

Trevor R. Roycroft, Ph.D.
Economic Consultant

David Certner
Legislative Counsel and
Legislative Policy Director
Government Affairs
AARP
601 E Street, NW
Washington, DC 20049

Executive Summary

Universal voice and broadband services are more important than they have ever been, and the essential nature of broadband communications services is growing daily as fixed and mobile broadband access has become necessary to enable workforce participation, commerce, education, healthcare, aging in place, civic engagement, and social activity. However, evidence indicates that the Commission's existing Universal Service programs are not meeting the needs of Americans, resulting in a multi-dimensional digital divide. Thus, the *NPRM's* proposal to impose an overall cap on universal service programs is not a reasonable solution to this nation's ongoing universal service problems. While the *NPRM* indicates that the objective of the cap is to "evaluate the financial aspects of the four USF programs in a more holistic way," AARP believes that before a cap can be considered, a holistic assessment of the digital divide must be completed, and solutions formulated and implemented.

If the digital divide is not meaningfully addressed by this Commission there is a significant risk of two Americas emerging—one connected, the other disconnected. The lack of opportunity and engagement for those without affordable and high-quality voice and broadband services will have a lasting impact on those who are on the wrong side of the digital divide. Capping the Universal Service Fund at a time when available data indicates that existing universal programs are not sufficient to bridge the digital divide is exactly the wrong policy for this Commission to pursue. Evidence of the insufficiency of existing universal service programs is summarized below.

- While the FCC has recently concluded that it is meeting broadband deployment objectives, this conclusion is based on broadband mapping data that is widely recognized as deficient. Now even Chairman Pai has admitted to the deficiencies in the FCC's approach to broadband mapping and has announced that the Commission will act to generate "more granular and more accurate broadband maps." The Commission should not cap the universal service fund until the true status of broadband deployment in the United States is accurately determined and appropriate solutions to fill broadband deployment gaps that result in a geographic digital divide have been implemented.
- In 2018 the Commission observed that "many low-income Americans, particularly those living in rural areas, lack access to affordable or adequate broadband..." AARP agrees with this assessment, but also believes that the problem extends beyond rural areas and beyond those Americans who are formally classified as "low-income." Lack of access to affordable and high-quality broadband also plagues our cities and suburban areas. Broadband affordability is a problem that this Commission must address. Capping universal service funding in the face of an income- and affordability-based digital divide is exactly the wrong policy for this Commission to adopt.
- In 2018 this Commission launched an inquiry into the promotion of Telehealth for low-income consumers, noting that the lack of affordable broadband is a significant problem. The Commission stated that those who "lack access to affordable or adequate broadband. . . might not have the same opportunity to benefit from . . . advanced telehealth services." Because all Americans do not have access to the affordable or adequate broadband needed to access connected care and advanced telehealth services, resulting in a healthcare digital divide, now is the wrong time to cap the Universal Service Fund.

- 2018 data from the Pew Research Center shows that there is still much work needed to close the homework gap, i.e., the lack of home broadband and adequate computer equipment in households with school-age children. On the matter of the homework gap, the Consortium of School Networking also recently noted:

*Students need access to devices and robust Internet connectivity in school and at home. Students lacking 1:1 device access at home have more limited learning opportunities and may have difficulty completing their homework. That difficulty puts them at a disadvantage compared to their better-resourced peers.*¹

Considering the lack of FCC success in addressing the homework gap, capping universal service funding is not a reasonable policy for this Commission to pursue in light of this educational digital divide.

- In 2010 this Commission released *Connecting America: The National Broadband Plan*, which laid out a vision for America's broadband future, to be achieved by 2020. It is now abundantly clear that key objectives from *The National Broadband Plan* will not be fulfilled, especially "Goal No. 1" of that plan—"At least 100 million U.S. homes should have *affordable access* to actual download speeds of at least *100 megabits per second* and actual upload speeds of at least *50 megabits per second*." AARP notes that the FCC's 2019 Broadband Deployment Report shows a general failure to meet *The National Broadband Plan's* Goal No. 1. In fact, data from the FCC's 2019 Broadband Deployment Report show that carriers refrain from deploying high-quality broadband consistent with the vision of *The National Broadband Plan* for *the bottom half of the population*. Capping the Universal Service Fund is exactly the wrong policy given the failure of the Commission to achieve Goal No. 1 of *The National Broadband Plan*.
- The *NPRM* also fails to address a fundamental problem with the FCC's universal service programs—the FCC's continuing refusal to reform the contribution base. Since 2011 universal service programs have supported both voice and broadband services, but the assessment to support these programs continues to fall solely on voice services. This approach is unsustainable, and unfairly burdens older Americans who purchase more voice services than other age groups. To successfully achieve universal service objectives, the Commission must address the non-contributing status of broadband services and expand the contribution base. A sustainable and more equitable approach to the support of broadband services will result if broadband services contribute to support broadband universal service objectives.

For the reasons stated above, and discussed further in these comments, AARP is opposed to the *NPRM's* proposal to place an overall cap on the Universal Service Fund. The Commission has not delivered outcomes consistent with its statutory responsibilities to ensure that affordable and high-quality broadband services are available to all Americans. Instead of capping the Universal Service Fund, the Commission should determine the true status of broadband deployment in the U.S. and take steps to correct the deployment deficiencies that are discovered. The Commission

¹ "CoSN's 2018-2019 Annual Infrastructure Report," December 2018, emphasis in the original.
https://www.cosn.org/sites/default/files/CoSNs%202018%202019%20Annual%20Infrastructure%20Survey%20Report%20final_0.pdf

should work to close the digital divide and also examine the affordability of broadband for low-income Americans and those who are not classified as low-income. The Commission should establish programs that will enable all Americans to have access to affordable and high-quality broadband services, as envisioned in *The National Broadband Plan*. Similarly, the Commission should develop meaningful solutions to close the homework gap and to ensure that all Americans can take advantage of connected care and advanced telehealth services. Fulfilling all of these objectives will require expenditures from the Universal Service Fund. Until the extent of the expenditures needed is known, the Universal Service Fund should not be capped. The Commission must also reform the contribution base to ensure that the Universal Service Fund has a more equitable and sustainable foundation.

Table of Contents

Executive Summary	ii
Introduction	1
The FCC does not know the full status of broadband deployment in the United States	2
Capping the Universal Service Fund will not close the Digital Divide	3
Capping the Universal Service Fund will not promote access to Connected Care and Telehealth Services	5
Capping the Universal Service Fund will not close the Homework Gap	6
Capping the Universal Service Fund is at odds with the FCC's <i>National Broadband Plan</i>	7
The <i>NPRM</i> ignores the ongoing contribution base problem	10
Older Americans disproportionately support universal service programs	12
Other issues raised in the <i>NPRM</i>	13
A cap will undermine universal service programs	14
A cap will hinder the ability of the FCC to introduce innovative programs	15
The budgets of the E-rate and Rural Health Care programs should not be combined	15
Prioritization and cost-benefit analysis must fully address qualitative impacts	17
Conclusion	18

Introduction

AARP respectfully submits these Comments for the FCC's consideration and thanks the Commission for the opportunity to participate in this important proceeding regarding Universal Service programs. Universal voice and broadband connectivity are now more important than they have ever been, and the essential nature of broadband communications services is growing daily as broadband access has become necessary to enable workforce participation, commerce, education, healthcare, aging in place, civic engagement, and social activity. AARP is deeply concerned by the proposals advanced in the Notice of Proposed Rulemaking (*NPRM*). The *NPRM* proposes to cap the Universal Service Fund and would potentially result in reductions in some universal programs due to the need to reallocate funding under the overall cap.² Certainly, AARP is concerned regarding matters associated with the financial sustainability of universal service programs and has previously expressed support for this Commission's efforts to curb waste, fraud, and abuse associated with those programs.³ However, considering recent data, AARP sees no good reason to impose a cap on the Universal Service Fund. Evidence indicates that the Commission's existing Universal Service programs are not meeting the needs of Americans, resulting in a multi-dimensional digital divide. If this digital divide is not meaningfully addressed by this Commission there is a significant risk of two Americas emerging—one connected, the other disconnected. The lack of opportunity and engagement for those without affordable and high-quality broadband services will have a lasting impact on those who are on the wrong side of the digital divide. Capping the Universal Service Fund at a time

² *NPRM*, ¶19.

³ See, for example, Comments of AARP *In the Matter of Bridging the Digital Divide for Low-Income Consumers, Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support*, WC Docket No. 17-287, WC Docket No. 11-42, WC Docket No. 09-197, February 21, 2018, p. 3.

when available data indicates that existing universal programs are not sufficient to bridge the digital divide is exactly the wrong policy for this Commission to pursue.

The FCC does not know the full status of broadband deployment in the United States

The FCC was created “to make available, so far as possible, to all the people of the United States, without discrimination on the basis of race, color, religion, national origin, or sex, a rapid, efficient, Nationwide, and world-wide wire and radio communication service with adequate facilities at reasonable charges.”⁴ Furthermore, as a result of the 1996 Telecommunications Act, the “adequate facilities” element of the universal service goals were expanded to include the encouragement of “the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans.”⁵ In light of these statutory mandates, the Commission added broadband Internet access service as a supported basic universal service offering in 2011.⁶ But while the FCC has recently concluded that it is meeting broadband deployment objectives,⁷ this conclusion is based on broadband mapping data that is widely recognized as deficient.⁸ Now, even Chairman Pai has admitted to the deficiencies in its approach to broadband mapping. Statements made by Chairman Pai before the Senate

⁴ 47 U.S.C. § 151.

⁵ 47 U.S.C. § 1302(a).

⁶ *In the Matter of Connect America Fund, A National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers, High-Cost Universal Service Support Developing an Unified Intercarrier Compensation Regime, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Reform – Mobility Fund* WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05-337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, November 18, 2011, ¶10.

⁷ *In the Matter of Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 18-238. 2019 Broadband Deployment Report, May 29, 2019.

⁸ See, for example, “Stakeholders Tell Senate Committee About Broadband Map Problems, Need for Challenge Process,” *Telecompetitor*, April 11, 2019. See also, Free Press, March 5, 2019 letter to Marlene H. Dortch in GN Docket No. 18-238.

Commerce Committee indicate that the FCC's May 2019 finding that advanced telecommunications capability is being deployed in a “reasonable and timely basis”⁹ was not adequately supported by the Commission. Chairman Pai now states that the FCC will improve the broadband mapping process to “result in more granular and more accurate broadband maps.”¹⁰

AARP is pleased that the Chairman has decided that the FCC will start the process of determining where broadband providers actually offer service, as opposed to the flawed method of “one household served in a Census Block means all are served in the Census Block.”¹¹ However, because the Commission does not know the true status of broadband deployment in the United States, AARP does not believe that the Commission can reasonably conclude that now is the time to cap the size of the Universal Service Fund.

Capping the Universal Service Fund will not close the Digital Divide

In 2018, the Commission observed that “many low-income Americans, particularly those living in rural areas, lack access to affordable or adequate broadband...”¹² AARP believes that the problem extends beyond rural areas and beyond those Americans who are formally classified as “low-income.” Lack of access to affordable and high-quality broadband also plagues our cities¹³ and suburban areas. That low-income Americans cannot afford broadband, there is no doubt.

⁹ *Op. cit.*, ¶4.

¹⁰ “FCC to vote on proposal for improving broadband mapping,” *The Hill*, June 12, 2019.

<https://thehill.com/policy/technology/448134-fcc-will-vote-on-proposal-to-improve-broadband-mapping>

¹¹ See, for example, Statement of Commissioner Geoffrey Starks, Dissenting, *In the Matter of Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 18-238, 2019 Broadband Deployment Report, May 29, 2019.

¹² *In the Matter of Promoting Telehealth for Low-Income Consumers*, WC Docket No. 18-213, Notice of Inquiry, July 12, 2018, ¶1. See also, ¶26.

¹³ See, for example, “AT&T’s Digital Redlining,” National Digital Inclusion Alliance, March 10, 2017.

https://drive.google.com/file/d/0B62ag-l_FGHRN1hhdDdQX2NiV2s/view

According to data from the Pew Research Center, in 2019 only 56 percent of households with incomes below \$30,000 per year have home Internet access, while 92 percent with incomes above \$75,000 have home Internet.¹⁴ This divide in home Internet adoption based on income results in a lack of opportunity for lower-income Americans, including the children who reside in those households. The role of income in broadband adoption is also confirmed in a recent study performed by the California Public Utilities Commission:

Our analysis finds that income is the most critical factor affecting adoption. Only 52.9% of households in census tracts where the median annual household income levels are less than \$20,000 have in-home broadband access, compared to 85.7% of households in census tracts with a median annual household income at \$80,000 or more.¹⁵

The fact that broadband adoption is deficient among low-income households is not surprising. According to a variety of sources, the United States has some of the most expensive broadband in the world.¹⁶ For example, the FCC's 2019 Urban Rate Survey reports high and unaffordable prices. The 2019 Urban Rate Survey shows that service offerings at 25 Mbps downstream

¹⁴ "Internet/Broadband Fact Sheet," Pew Research Center, June 12, 2019. <https://www.pewinternet.org/fact-sheet/internet-broadband/>

¹⁵ "Broadband Adoption Gap Analysis," California Advanced Services Fund Adoption Account, California Public Utilities Commission, June 2019, p. 5. https://www.cpuc.ca.gov/uploadedFiles/CPUCWebsite/Content/UtilitiesIndustries/Communications/Reports_and_Presentations/CDVideoBB/BAGapAnalysis.pdf

¹⁶ See, for example, OECD Broadband data for 2017 that shows U.S. fixed broadband prices second highest among OECD nations, and 71.9 percent above the OECD average. <https://www.oecd.org/sti/broadband/broadband-statistics/>. See also, Federal Communications Commission, *In the Matter of International Comparison Requirements Pursuant to the Broadband Data Improvement Act International Broadband Data Report*, GN Docket No. 17-199, Sixth Report, February 2, 2018. See also, "The Most and Least Expensive Countries for Broadband," *Forbes*, November 22, 2017, that shows the U.S. ranked at 114th out of 196 nations based on price, i.e., 113 nations have lower-cost broadband. <https://www.forbes.com/sites/niallmccarthy/2017/11/22/the-most-and-least-expensive-countries-for-broadband-infographic/#6533d4c523ef>

speeds have an average price of \$66.80.¹⁷ It is no wonder that lower income families have difficulty affording broadband.

Broadband affordability is a problem that this Commission must address. The existing LifeLine program does not provide an adequate solution to the problem of broadband affordability, and the digital divide continues to be a serious problem. Broadband “competition” is not delivering affordable broadband services, and households continue to be cut off from the benefits of broadband. Capping universal service funding in the face of the continuing digital divide is exactly the wrong policy for this Commission to adopt.

Capping the Universal Service Fund will not promote access to Connected Care and Telehealth Services

In 2018 this Commission launched an inquiry into the promotion of Telehealth for low-income consumers:

The Commission’s top priority is to increase digital opportunity for all Americans, and nowhere is this imperative more critical than in the area of health care. High-quality health care has become increasingly reliant on the widespread availability of high-speed connectivity, and broadband-enabled telehealth services are assuming an increasingly vital role in providing care. Indeed, advances in technology mean that the delivery of high-tech services to patients are no longer limited to the confines of connected, brick-and-mortar health care facilities. Rather, there is a movement in telehealth towards connected care everywhere.¹⁸

AARP also believes that access to connected care and advanced telehealth services is essential.

However, the Commission also noted in the *Notice of Inquiry* that the lack of affordable broadband is a significant problem in achieving these goals. The Commission noted that “many low-income Americans, particularly those living in rural areas, lack access to affordable or

¹⁷ The \$66.80 average price is based on the identification of service offerings with download speeds of 25 Mbps and any upload speed. 2019 Urban Rate Survey, “Results,” Excel file, <https://www.fcc.gov/economics-analytics/industry-analysis-division/urban-rate-survey-data-resources>

¹⁸ *In the Matter of Promoting Telehealth for Low-Income Consumers*, WC Docket No. 18-213, August 3, 2018, ¶11.

adequate broadband and thus might not have the same opportunity to benefit from these and other advanced telehealth services.”¹⁹ Because all Americans do not have access to the affordable or adequate broadband needed to access connected care and advanced telehealth services, now is the wrong time to cap the Universal Service Fund. The potential for the introduction of a new universal service program to support telehealth clearly illustrates the problems that will result from a cap. Creating a new program to promote telehealth under a cap would potentially result in funds for other key universal service programs being diverted, undermining other universal service goals.

Capping the Universal Service Fund will not close the Homework Gap

2018 data from the Pew Research Center shows that there is still much work needed to close the homework gap, i.e., the lack of home broadband and adequate computer equipment in households with school-age children.²⁰ Table 1, below, shows Pew Research Center data on the percent of U.S. households with children aged 6 to 17 who *do not* have a high-speed Internet connection.²¹

Table 1: Percent of U.S. Households with School-age Children without High-Speed Internet					
	All	White	Black	Hispanic	Asian
All households with school-age children	15%	10%	25%	23%	5%
By Annual Household Income					
Less than \$30,000	35%	28%	41%	38%	14%
\$30,000 to \$74,999	17%	13%	21%	22%	7%
\$75,000 or more	6%	4%	9%	9%	2%

¹⁹ *Id.*

²⁰ See, for example, *The Digital Divide and Educational Equity*, R. Moore, et al. Center for Equity in Learning, August 2018. <https://equityinlearning.act.org/wp-content/themes/voltron/img/tech-briefs/the-digital-divide.pdf>

²¹ “Nearly one-in-five teens can’t always finish their homework because of the digital divide,” Pew Research Center, October 26, 2018. <https://www.pewresearch.org/fact-tank/2018/10/26/nearly-one-in-five-teens-cant-always-finish-their-homework-because-of-the-digital-divide/>

This data contributes to evidence that universal service policies are failing vulnerable populations in the U.S. The inability of students to complete homework assignments places those students at a decided disadvantage with regard to their ability to successfully finish their education.

Information from the Consortium for School Networking (CoSN) also indicates that the homework gap is not only a result of the lack of broadband access in the home. CoSN notes the importance of access to computer resources in the home, an element of universal service policy that the Commission has not sufficiently addressed.

Fewer than 10% of districts report that every student has access to non-shared devices at home. *This matters because digital learning is not limited to the classroom. Students need access to devices and robust Internet connectivity in school and at home. Students lacking 1:1 device access at home have more limited learning opportunities and may have difficulty completing their homework. That difficulty puts them at a disadvantage compared to their better-resourced peers.*²²

Considering the lack of FCC success in addressing the homework gap, capping universal service funding is not a reasonable policy for this Commission to pursue.

Capping the Universal Service Fund is at odds with the FCC's *National Broadband Plan*

Ten years ago, at the request of Congress, the Commission was in the process of gathering information for a “national broadband plan.” The Commission released *Connecting America: The National Broadband Plan* in March of 2010. The plan indicates that by 2020 (i.e., less than six months from now), a number of goals would be achieved including:

²² “CoSN’s 2018-2019 Annual Infrastructure Report,” December 2018, emphasis in the original.
<https://www.cosn.org/sites/default/files/CoSNs%202018%202019%20Annual%20Infrastructure%20Survey%20Report%20final%200.pdf>

Goal No. 1: At least 100 million U.S. homes should have *affordable access* to actual download speeds of at least *100 megabits per second* and actual upload speeds of at least *50 megabits per second*.²³

This goal is consistent with the statutory provisions that specify that the purpose of the FCC is to ensure that communications services should be available at “reasonable charges,” and Section 706 provisions regarding the deployment of “advanced telecommunications capability.”²⁴ However, it is clear from available data that key elements of this goal will not be achieved within the next six months, especially with regard to broadband affordability and upload speeds. AARP notes that the FCC’s 2019 Broadband Deployment Report shows limited broadband service deployment at levels consistent with *The National Broadband Plan’s* Goal No. 1. It is telling that deployment at the 100Mbps/50Mbps level *is not even listed as a service category* in the 2019 Broadband Deployment Report.²⁵ Other information in the 2019 Broadband Deployment Report shows that *The National Broadband Plan’s* Goal No. 1 has not been achieved. For example, for service at the 250Mbps/25 Mbps level (which is the highest *upload speed* identified in the report, and which still falls short of Goal No. 1’s upload speeds), the 2019 Broadband Deployment Report shows service availability to only 58.8 percent of households overall—*i.e., about 25 million households short of the Broadband Plan’s 100 million household upload speed goal*. Given this failure to meet the long-standing technology deployment objectives identified in *The National Broadband Plan*, the Commission cannot reasonably consider universal service goals to be satisfied. Capping the universal service fund in light of this failure is counterproductive.

²³ Connecting America: The National Broadband Plan, p. 9, emphasis added.

²⁴ 47 U.S. Code § 151; 47 U.S.C. §1302.

²⁵ See, 2019 Broadband Deployment Report, Figures 9 and 13, and *passim*.

In addition, *The National Broadband Plan's* affordable access goal has not been achieved. As was mentioned earlier, evidence indicates that even lower speed broadband services are unaffordable to large numbers of Americans. At speeds consistent with *The National Broadband Plan's* Goal No. 1, broadband is even less affordable. The FCC's 2019 Urban Rate Survey shows high and unaffordable prices for broadband services in speed ranges consistent with *The National Broadband Plan's* 100Mbps/50Mbps objective. It is first notable that the FCC's 2019 Urban Rate Survey finds little evidence of broadband services being offered at 100Mbps/50Mbps.²⁶ Given the lack of data for the 100Mbps/50Mbps benchmark, to evaluate *The National Broadband Plan's* affordability goal AARP instead considered other data in the 2019 Urban Rate Survey at upload or download speeds consistent with Goal No. 1. These offerings show high and unaffordable prices. For example, for service offerings at the 100 Mbps download level (with upload speeds at any level), the 2019 Urban Rate Survey shows an average monthly price of \$72.61.²⁷ For service offerings with upload speeds of 50Mbps (with download speeds at any level), the average rate is \$96.16.²⁸

That rates of \$72.61 and \$96.16 for the higher quality broadband consistent with *The National Broadband Plan's* Goal No. 1 are unaffordable to large numbers of Americans is supported by data contained in the FCC's 2019 Broadband Deployment Report. *That report shows that*

²⁶ The 2019 Urban Rate Survey lists only nine (9) plans that offer service at the 100 Mbps/50 Mbps level, out of 3,550 service offerings listed. Only 490 of the plans contained in the 2019 Urban Rate Survey have upload speeds of 50 Mbps and any download speed.

²⁷ The \$72.61 average price is based on the identification of service offerings with upload speeds of 100 Mbps and any upload speed. 2019 Urban Rate Survey, "Results," Excel file, <https://www.fcc.gov/economics-analytics/industry-analysis-division/urban-rate-survey-data-resources>

²⁸ The \$97.48 average price is based on the identification of service offerings with upload speeds of 50 Mbps and any download speed. 2019 Urban Rate Survey, "Results," Excel file, <https://www.fcc.gov/economics-analytics/industry-analysis-division/urban-rate-survey-data-resources>

carriers do not upgrade their networks in Census Block Groups associated with the bottom half of the population to the same extent as they upgrade networks in higher income areas. The 2019 Broadband Deployment Report's Figure 9 displays broadband availability by speed for four income quartiles. That data shows carriers have not sufficiently upgraded networks in areas associated with the lower income half of the U.S population. While 73.2 percent of Census Block Groups associated with the *highest* income quartile have service availability at the 250Mbps/25Mbps level, only 50 percent of Census Block Groups for the *two lowest* income quartiles have service availability at that the 250Mbps/25Mbps level.²⁹ In other words, carriers refrain from deploying high-quality broadband for *the bottom half of the population*. This lack of deployment is evidence that service providers know that their higher speed offerings are not affordable. Capping the Universal Service Fund is exactly the wrong policy given the failure of the Commission to achieve Goal No. 1 of *The National Broadband Plan*. The Commission should instead take steps to assure that there is affordable access to 100 Mbps/50 Mbps service to all Americans.

The NPRM ignores the ongoing contribution base problem

The *NPRM* also fails to address a fundamental problem with the FCC's universal service programs—the deficiency in the current contribution base. Since 2011, universal service programs have supported both voice and broadband services, but the assessment to support these programs continues to fall solely on voice services.

²⁹ *In the Matter of Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion*, GN Docket No. 18-238. 2019 Broadband Deployment Report, May 29, 2019, Figure 9.

The *NPRM* states that the contribution burden is one of the motivating factors for imposing the cap.³⁰ However, the only mention of a potential assessment on broadband comes from Commissioner O’Rielly, who states that he would never support a universal service assessment on broadband as it amounts to a “sin tax.”³¹ AARP respectfully disagrees with this characterization. Universal service assessments have nothing to do with deterring the consumption of something that is socially undesirable—rather, universal service assessments promote essential connectivity for Americans who are vulnerable to being cut off from critical telecommunications services. Imposing an assessment on broadband to support the FCC’s broadband deployment and adoption objectives is a reasonable and more equitable path forward to fund universal service objectives. While the *NPRM* emphasizes the burden of current universal service funding mechanisms,³² the *NPRM* overlooks the lopsided and unfair burden the voice-only funding approach imposes on older Americans. In addition, voice service revenues continue to decline,³³ resulting in a situation that is both unsustainable and unfair.

To successfully achieve universal service objectives, the Commission must address the non-contributing status of broadband services and expand the contribution base. A sustainable and more equitable approach to the support of broadband services will result if broadband services contribute to support broadband universal service objectives.

³⁰ *NPRM*, ¶¶ 1, 9, & 21.

³¹ *NPRM*, Statement of Commissioner Michael O’Rielly.

³² *NPRM*, ¶¶ 1, 9, 21 & 22. Statement of Commissioner Michael O’Rielly.

³³ See, for example, 3rd Quarter Contribution Factor Notices for 2017, 2018, and 2019, “Contribution Factor & Quarterly Filings - Universal Service Fund (USF) Management Support.” <https://www.fcc.gov/general/contribution-factor-quarterly-filings-universal-service-fund-usf-management-support>

Older Americans disproportionately support universal service programs

AARP believes that it is important for the Commission to appreciate the current contribution profile of older Americans. Because both wireline and wireless voice services are currently assessed to support the Universal Service Fund, older Americans are likely to shoulder a disproportionate share of universal service support. Table 2 compares wireless and wireline voice service subscription rates, as reported in the National Health Interview Survey.³⁴ Table 2 shows that older Americans have embraced wireless technology, but still value wireline voice services.

Table 2: Wireline and Wireless Telephone Service Subscription by Age Group (2017)		
Age Group	Wireline Phone	Wireless Phone
50+	60.6%	90.5%
Below 50	24.3%	98.1%

Furthermore, older Americans subscribe to **both** wireless and wireline in larger numbers than lower age groups. Table 3, below, reports data regarding the presence of both wireline and wireless telephones in households by age group, based on the National Health Interview Survey.³⁵ The data in Table 3 shows that older Americans in the 50 and above age group subscribe to both wireline and wireless to a much greater extent than other age groups.

³⁴ For the summary of the National Health Interview Survey, see, Stephen J. Blumberg, Ph.D., and Julian V. Luke, "Wireless Substitution: Early Release of Estimates from the National Health Interview Survey, January-June 2018," Division of Health Interview Statistics, National Center for Health Statistics, December 2018.

<https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201812.pdf> . Data in Table 2 is drawn from the microdata for 2017 released with the NHIS wireless survey (2017 is the most recent data available). That data is available at: http://www.cdc.gov/nchs/nhis/quest_data_related_1997_forward.htm

³⁵ Table 3 uses the microdata for 2017 released with the NHIS wireless survey (2017 is the most recent data available). That data is available at: http://www.cdc.gov/nchs/nhis/quest_data_related_1997_forward.htm

Table 3: Combined Wireless and Landline Telephone Subscription (2017)	
Householder's Age Group	Percent with Both Wireless and Landline
50 and Above	51.2%
49 and Below	22.4%

AARP believes that it is essential that the universal service contribution base be reformed to deliver an appropriate reduction in the burden currently borne by older Americans. Expanding the contribution base to include broadband would allow for smaller assessments on voice services. Furthermore, broadband Internet access is no longer an infant industry, and in the not too distant future it is likely that all telecommunications services will ride over-the-top of broadband connections. In such a setting, relying on voice services alone to support universal service objectives will not be feasible.

Other issues raised in the *NPRM*

For the reasons discussed above, AARP is opposed to capping the size of the Universal Service Fund. Instead, the Commission should act upon its statutory obligations to ensure that all Americans have access to affordable and high-quality voice and broadband services. The first step in that process will be to evaluate the true status of broadband deployment in the U.S. In addition, the Commission should launch an inquiry into the affordability of voice and broadband services in the United States, and should then either refine existing programs, or develop new programs, to close the digital divide. The Commission should immediately address the homework gap problem that hinders millions of young Americans in their quest to get an education. The Commission should also ensure that all Americans can take advantage of connected care and advanced telehealth services. The Commission should also expand the

contribution based to include broadband services to promote equity among those who contribute and to ensure that funding is sustainable.

AARP offers the following comments on questions raised in the *NPRM*. This response should not be interpreted as support for the policies advanced in the *NPRM*.

A cap will undermine universal service programs

AARP opposes the *NPRM*'s proposal to cap the Universal Service Fund at \$11.42 billion.³⁶

Until the Commission has a better understanding of the true status of broadband deployment, and until the Commission has designed programs that will effectively bridge the digital divide, the Universal Service Fund should not be capped. Questions raised in the *NPRM* illustrate some of the serious problems that a USF cap would introduce. For example, programs like LifeLine have exhibited fluctuating demand, given the cyclical nature of the economy. Given the current relatively low levels of unemployment, it is not surprising to find that LifeLine is running a surplus in relation to budgeted amounts.³⁷ This surplus could easily turn to deficit should an economic downturn begin. If the surplus funds for LifeLine were shifted to other programs, then under a cap multiple programs could be adversely affected.

The *NPRM* notes that under the proposed cap, while existing funding caps will remain, “The overall cap could be exceeded due to rising demand, or a future Commission decision to increase funding for a program or to institute a new USF program without any corresponding increase in the overall cap.”³⁸ As a result, the *NPRM* seeks comment on methods to reduce expenditures under the cap.³⁹ For example, the *NPRM* proposes to establish methods for “prioritizing the

³⁶ *NPRM*, ¶9.

³⁷ *NPRM*, ¶8.

³⁸ *NPRM*, ¶17.

³⁹ *NPRM*, ¶18-20.

funding among the four universal service programs.”⁴⁰ It is clear that such an approach would do nothing to advance the statutory universal service objectives. For example, if the LifeLine program were to exceed its budget due to an economic downturn, the vision of the *NPRM* would lead to cuts being made to other programs, such as Schools and Libraries, or High-Cost support, if that was the established priority. Or perhaps LifeLine itself would be cut if at the same time that LifeLine was at its cap other programs such as Schools and Libraries or Rural Healthcare were to exceed their capped amounts. The *NPRM*'s policy of robbing Peter to pay Paul is the wrong policy and would undermine Universal Service objectives.

A cap will hinder the ability of the FCC to introduce innovative programs

In light of the proposed cap, the *NPRM* also notes that “[i]n past years, the Commission has established pilot programs designed to test the use of universal service funding for new purposes and has also dedicated discrete amounts of funding for emergency purposes. How should those pilot program or emergency expenditures be prioritized in comparison to the existing programs for universal service funding?”⁴¹ Implementation of a cap would make it less likely that the Commission could establish effective pilot programs or appropriately respond to emergencies. The overall constraint of a cap has more than a budgetary impact—the cap will restrict policy flexibility and discourage the regulatory innovation needed to address new challenges.

The budgets of the E-rate and Rural Health Care programs should not be combined

The *NPRM* also proposes to combine the budgets of the E-rate and Rural Health Care programs. AARP notes that existing Universal Service programs have been designed to meet specific needs where markets fail to deliver outcomes that are consistent with the statutory objectives. For

⁴⁰ *NPRM*, ¶19.

⁴¹ *NPRM*, ¶19.

example, as the Commission has previously noted regarding the importance of rural healthcare, appropriate funding levels are critical to public health:

By improving rural healthcare provider access to modern communications services, the RHC Program can help in overcoming some of the obstacles to healthcare delivery faced in isolated communities. Through broadband-enabled technology, a rural clinic can transmit an x-ray in a matter of seconds to a radiologist located thousands of miles away. Via video-conferencing, a woman with a high-risk pregnancy has access to the type of pre-natal care that enables her baby to be delivered much closer to term. This in turn leads to fewer days in the Neonatal Intensive Care Unit for the baby and potentially places the child and family on a more positive future trajectory. With a high-speed data connection, a surgeon can perform an emergency procedure remotely. In places where the nearest pharmacist is a plane ride away, vending machine-like devices can dispense prescription medications.⁴²

Similarly, the E-rate program also fills essential needs that provide essential benefits in a different setting:

Today, high-speed broadband is transforming learning by providing teachers and students with a vast array of tools to improve educational outcomes, collaboration, and access to information. Investments from the E-rate program help schools take full advantage of feature-rich educational technologies that allow for individualized digital learning, access to interactive content, and online assessments. The same investments allow libraries to offer a free and safe place to search for information on job opportunities, find public services, access online education, and connect with friends and family. And by helping to connect every student and every library patron to high-speed broadband, no matter where they live or their income level, E-rate provides a vital link to the digital world and new opportunities.⁴³

The problems that E-rate and Rural Healthcare programs are working to solve cannot be easily weighed against one another's goals, or the goals of other programs, such as High Cost or LifeLine. Each of these programs provides a critical component of an overall approach to fulfilling the statutory universal service objectives. Programs supported by the Universal Service Fund are not mutually interchangeable and the *NPRM's* proposal to treat them as such will

⁴² *In the Matter of Promoting Telehealth in Rural America*, WC Docket No. 17-310, Notice of Proposed Rulemaking and Order, December 18, 2017, ¶12.

⁴³ *In the Matter of Modernizing the E-rate Program for Schools and Libraries Connect America Fund*, WC Docket No. 13-184, WC Docket No. 10-90 Second Report and Order and Order on Reconsideration, December 19, 2014, ¶12.

reduce the Commission's effectiveness of meeting statutory objectives. For this reason, the *NPRM's* proposal to combine the E-rate and Rural Healthcare budgets is inappropriate. It is not the case, as the *NPRM* asserts, that these programs satisfy similar needs in a community.⁴⁴ Solving the nation's universal service problems will not be promoted by mixing all programs into a single pot and hoping that the combination will somehow improve outcomes. AARP believes that it is inappropriate to curtail support for programs that are necessary to ensure that the statutory objectives have been fulfilled.

Prioritization and cost-benefit analysis must fully address qualitative impacts
In its discussion of the potential to prioritize programs under a cap, the *NPRM* asks whether the Commission should prioritize based on the "cost-effectiveness of each program or the estimated improper payment rates."⁴⁵ The *NPRM* does not elaborate on the nature of the "estimated improper payment rates, and the *NPRM* apparently does not know how "cost-effectiveness" would be determined, as the *NPRM* later seeks comments on how the cost effectiveness of programs would be measured, and how it would affect the allocation of contributions.⁴⁶ As noted in Executive Order No. 12866, when federal agencies assess regulations "Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits *that are difficult to quantify, but nevertheless essential to consider.*"⁴⁷ A problem with cost-benefit analysis is that costs are more likely to be quantitative, and benefits are more likely to be qualitative. AARP is concerned that in the type of cost-benefit analysis upon which the *NPRM* seeks comment the

⁴⁴ *NPRM*, ¶23.

⁴⁵ *NPRM*, ¶19.

⁴⁶ *NPRM*, ¶22.

⁴⁷ Executive Order No. 12866, September 30, 1993, emphasis added.

qualitative benefits will be overlooked or minimized.⁴⁸ It is not easy to place a dollar value on the ability of a child to complete homework assignments or a rural elderly resident to have access to healthcare services in their home. AARP encourages the Commission to be sure to fully account for and evaluate the qualitative benefits of universal service policies.

Conclusion

AARP opposes the *NPRM*'s proposal to cap universal service programs. Given the shortfalls evident when considering existing programs at existing funding levels, the Commission should develop policies and programs that will result in the satisfaction of the statutory objectives regarding the deployment of advanced telecommunications services, and which also ensure reasonable rates for those advanced services. Until the Commission closes the digital divide and the homework gap, ensures affordable access to advanced telehealth services, and also satisfies Goal No. 1 from *The National Broadband Plan*, the Commission should be focused on refining existing programs and determining the need for new universal service programs, especially in light of evidence that large numbers of Americans do not have access to affordable and high-quality broadband services. The Commission should also establish a more equitable and sustainable method of funding new and existing universal service programs by expanding the contribution base.

⁴⁸ See, for example, A.E. Boardman, et al. *Cost-Benefit Analysis: Concepts and Practice*, 5th Edition, Cambridge University Press, 2018, pp. 44-45.